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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
)	

**TENTH POST-CONFIRMATION STATUS
REPORT OF THE RESCAP LIQUIDATING TRUST**

The ResCap Liquidating Trust (the “**Liquidating Trust**”), as successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby submits this post-confirmation status report for the annual period ending on December 31, 2016 (the “**Reporting Period**”), and respectfully represents as follows:

STATUS REPORT

1. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “**Confirmation Order**”) [Docket No. 6065] approving the terms of the Chapter 11 plan, as amended (the “**Plan**”), filed in these Chapter 11 Cases [Docket No. 6065-1].¹

2. On December 17, 2013, the Effective Date of the Plan occurred (the “**Effective Date**”), and the Liquidating Trust was established [Docket No. 6137]. Pursuant to the Plan, the Liquidating Trust was established to wind down the affairs of the Debtors. *See Plan, Art. VI.*

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

3. On August 13, 2014, the Liquidating Trust filed an application for entry of a post-confirmation order (the “**Post-Confirmation Order**”) [Docket No. 7385]. On August 26, 2014, the Court entered an amended Post-Confirmation Order [Docket No. 7431]. Pursuant to the Post-Confirmation Order, the Liquidating Trust is required to file quarterly and annual status reports detailing the actions taken by the Liquidating Trust and the progress made toward the consummation of the Plan.

4. Attached hereto as **Exhibit A** is a copy of the Liquidating Trust’s consolidated financial statements and letter to beneficiaries (collectively, the “**Financial Statements**”) detailing the Liquidating Trust’s activity during the Reporting Period. The Financial Statements have been posted to the Liquidating Trust’s website at <http://rescapliquidatingtrust.com>.

NOTICE

5. Notice of this Status Report has been provided to the parties identified on the Special Service List and General Service List, as those terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141], including the Office of the U.S. Trustee for the Southern District of New York.

Dated: March 2, 2017
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

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Counsel for the ResCap Liquidating Trust

Exhibit A

ResCap Liquidating Trust

ResCap Liquidating Trust

**Consolidated Financial Statements
as of and for the Year Ended December 31, 2016
(Unaudited)**

ResCap Liquidating Trust

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Consolidating Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

	December 31, 2016				December 31, 2015
	ResCap Liquidating Trust	Cap Re of Vermont, LLC	International	Consolidated ResCap Liquidating Trust	Consolidated ResCap Liquidating Trust
Assets:					
Cash and cash equivalents	\$ 369,837	\$ 6,432	\$ 2,075	\$ 378,344	\$ 95,618
Restricted cash	98,075	25,995	-	124,070	187,311
Mortgage assets	174,654	-	-	174,654	211,143
Other receivables	29,861	2,389	-	32,250	17,630
Other assets	1,076	106	-	1,182	774
Total assets	673,503	34,922	2,075	710,500	512,476
Liabilities:					
Claims and settlements	4,523	15,950	819	21,292	63,529
DOJ/AG consent settlement	19,940	-	-	19,940	35,485
Estimated costs to operate Trust	279,286	349	597	280,232	205,451
Liability for undistributed funds	73,552	-	-	73,552	78,876
Total liabilities	377,301	16,299	1,416	395,016	383,341
Net Assets in Liquidation	\$ 296,202	\$ 18,623	\$ 659	\$ 315,484	\$ 129,135
Total units in the Trust				100,000,000	100,000,000
Net assets per authorized unit				\$ 3.15	\$ 1.29

The Notes to Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Consolidated Statement of Cash Receipts and Disbursements

(Unaudited)

In thousands

	Quarter ended December 31, 2016	Year ended December 31, 2016	Effective Date through December 31, 2016
Receipts			
Receipts on mortgage assets	\$ 7,895	\$ 39,370	\$ 433,866
Litigation/claim recoveries	213,829	344,984	405,329
Other receipts	2,485	15,566	93,811
Plan settlements	-	-	2,100,000
Total receipts	224,209	399,920	3,033,006
Disbursements			
Claims and settlements	(4,838)	(14,065)	(1,630,513)
DOJ/AG consent settlement	(8,452)	(21,144)	(77,197)
Costs to operate the Trust	(44,844)	(139,902)	(343,914)
Declared distributions	-	-	(2,230,000)
Change in undistributed funds	(5,324)	(5,324)	73,552
Total disbursements	(63,458)	(180,435)	(4,208,072)
Net cash flow	160,751	219,485	(1,175,066)
Cash and restricted cash, beginning of period	341,663	282,929	1,677,480
Cash and restricted cash, December 31, 2016	<u>\$ 502,414</u>	<u>\$ 502,414</u>	<u>\$ 502,414</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

	Quarter ended December 31, 2016	Year ended December 31, 2016	Effective Date through December 31, 2016
Net cash flow	\$ 160,751	\$ 219,485	\$ (1,175,066)
Other non-cash changes:			
Increase (decrease) in asset value assumptions	(5,032)	60,561	(14,155)
Increase in costs to operate the Trust	(141,558)	(213,481)	(419,194)
Decrease (increase) in DOJ/AG consent settlement	3,019	(2,507)	(16,566)
Basis of assets/liabilities liquidated/resolved	11,382	116,967	(501,584)
(Increase) decrease in distributions held for Beneficiaries	5,324	5,324	(73,552)
Total non-cash changes	(126,865)	(33,136)	(1,025,051)
Total Increase (decrease) in net assets	33,886	186,349	(2,200,117)
Net assets in liquidation, beginning of period	281,598	129,135	2,515,601
Net assets in liquidation, December 31, 2016	\$ 315,484	\$ 315,484	\$ 315,484
Per unit information:			
	\$ per Unit	\$ per Unit	\$ per Unit
Net assets per unit, beginning of period	\$ 2.82	\$ 1.29	\$ 25.16
Increase in net assets per unit	0.33	1.86	0.29
Declared distributions per unit	-	-	(22.30)
Net asset per unit, December 31, 2016	\$ 3.15	\$ 3.15	\$ 3.15

The Notes to Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business and Basis of Presentation

The ResCap Liquidating Trust ("Trust") was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code ("Plan") in the bankruptcy case of Residential Capital, LLC ("ResCap") and 50 of its direct and indirect subsidiaries (collectively, the "Debtors"). The Plan was confirmed by the bankruptcy court on December 11, 2013 and became effective on December 17, 2013 ("Effective Date").

Under the terms of the Plan and Liquidating Trust Agreement, units of beneficial interest ("Units") were issued by the Trust to holders of allowed general unsecured claims ("Allowed Claims") against the Debtors, other than holders of general unsecured claims in classes for which the Plan prescribes payments of cash. The Units entitle their holders ("Beneficiaries") to receive a proportionate amount of cash distributions made by the Trust. The Units are issued only in book-entry form in accordance with the procedures of the Depository Trust Company. Certain holders of Allowed Claims are still in the process of providing information needed to be issued their Units.

The Liquidating Trust Agreement allows for additional distributable cash distributions ("Declared Distributions") after the initial distribution to occur no less frequently than semi-annually; however the Trust is not required to make a semi-annual distribution if aggregate distributable cash at the time is such as would make the distribution impracticable, as determined by the Liquidating Trust Board ("Board").

The Disputed Claims Reserve ("DCR") was established to hold Units, and cash and other assets for the benefit of holders of general unsecured claims that become Allowed Claims after the Effective Date, unless such claims are satisfied in cash in accordance with the Plan. The Trust makes distributions of Units and cash from the DCR to holders of disputed claims that become Allowed Claims at intervals determined by the Board.

The Consolidated Financial Statements (the "Consolidated Financial Statements") have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. The assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. Assets are also established for future income expected to be earned by the Trust. Mortgage assets are valued based on projected expected recoveries for each asset type, and include mortgage loans, servicer advances, interest income, real estate owned, and trading securities. Costs to dispose of assets are also projected and are netted in mortgage assets. The Trust also accrues costs that it expects to incur through the end of its liquidation. The estimated future legal costs represent current estimates through calendar year 2018 including trial costs for certain of the pending correspondent cases. Actual future costs could vary significantly depending upon a wide variety of factors due to the uncertainties inherent in complex litigation. On a periodic basis, the Trust evaluates such estimates to take into consideration the overall status of the litigation and any material changes in circumstances or factors affecting the litigation, including but not limited to updated scheduling of the cases, discovery, settlements, and other factors that may affect such estimates. The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

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The Consolidated Financial Statements include the accounts of the Trust and its majority-owned subsidiaries after eliminating all significant intercompany balances and transactions. The Consolidating Statement of Net Assets in Liquidation combines assets held in bailment and non-material subsidiaries into the Trust entity. Other wholly-owned subsidiaries include Cap Re of Vermont, LLC, ("Cap Re"), a captive reinsurance company, and RFC Foreign Equity Holding Co ("International"), which holds all international businesses, and has adopted a Plan of Liquidation. Intercompany balances between entities are excluded.

The Consolidated Financial Statements as of and for the period ended December 31, 2016, are unaudited and reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the periods presented.

Significant Accounting Policies

Cash and Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on hand and short term, liquid investment securities with a maturity of three months or less when purchased. Restricted cash consists of cash that is restricted for specific purposes and is not generally available to the Trust.

Mortgage Assets

Mortgage assets include mortgage loans, servicer advances, interest income, real estate owned, trading securities, and costs to sell assets.

Mortgage Loans

Government-insured mortgage loans were either originally acquired by the Debtors from off-balance sheet securitizations guaranteed by the Government National Mortgage Association ("GNMA") or were originated by the Debtors for sale to GNMA, but were ineligible for sale due to insufficient documentation in the loan file. As a result of borrower default or contractual delinquency triggers, they ultimately may become claims for reimbursement from the Federal Housing Association ("FHA") or Veterans Administration ("VA") for eligible mortgage loan principal and interest. All government-insured mortgage loans are shown as mortgage loans on the Consolidated Statement of Net Assets in Liquidation, regardless of their status in the claims process.

Non-insured mortgage loans consist primarily of mortgage loans removed from Federal National Mortgage Association and Federal Home Loan Mortgage Association securitizations or loans excluded from asset sales and certain additional borrower advances on home equity line of credit loans excluded from securitizations when a rapid amortization event occurred. Certain of these loans are significantly delinquent or are otherwise in distress.

The value of mortgage loans is determined by modeling the net present value of the cash flows expected to be received over the life of the loan, based on asset resolution strategies. The delinquency, non-accrual or foreclosure status of the loans, including timing of the insurance reimbursement process and the reimbursement policies of the government agencies, all contribute to the carrying value.

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Servicer Advances

The Trust is required, from time to time, to make certain servicer advances on loans that it owns or on loans where it retains the servicing rights. These servicer advances are for property taxes and insurance premiums ("Escrow") and for default and property maintenance payments ("Corporate"). Servicer Advances are modeled based on the net present value of the expected recovery of the advance either through borrower repayment, collection from government agencies on insured loans or sale to a third party.

Interest Receivables

Interest Receivables generally arise from interest payments on mortgage loans. All future estimated interest income is capitalized and is valued based on the asset management strategies and net present value of the modeled cash flows of the underlying assets.

Real Estate Owned

Real estate owned from loan foreclosures ("REO") are classified as REO when physical possession of the collateral is taken. REOs are carried at their liquidation value and are held in a subsidiary whose stock is owned by the Trust.

Costs to Sell Assets

Lifetime costs to sell assets are estimated based on the asset disposition strategy and are recorded as a contra asset within mortgage assets.

Affirmative Recoveries

The Trust will record and value affirmative settlements or judgments within Other Receivables when realized and collectability is reasonably anticipated.

Claims and Settlements

Claims and settlements are recorded based upon obligations of the Trust under the Plan, the impact of potential settlements to liquidate certain assets and estimates of future insurance claims related to Cap Re.

Cap Re has excess layer reinsurance agreements with non-affiliated private mortgage insurance ("PMI") companies that provide PMI on mortgage loans. Cap Re assumes the risk of loss over a specified first loss percentage for covered loans and in return earns a portion of the PMI premium associated with those mortgage loans. Cap Re reserves for loss and loss adjustment expenses when notices of default on insured mortgage loans are received and the specified first loss percentage covered by the ceding company is exhausted.

Claims and settlement reserves reflect management's best estimate of probable amounts payable in connection with such matters. As a claim or settlement matter develops, management evaluates on an ongoing basis whether such matter presents a liability that is both probable and estimable. When the liability related to a matter is deemed to be both probable and estimable, a liability is recognized. These liabilities are continuously monitored and adjusted to reflect the most recent information related to each matter. In matters for which a liability is not deemed probable, but rather reasonably possible to occur, management would attempt to estimate an amount related to that event. For these matters, a liability is not recorded. However, if an amount can be estimated, this amount would be disclosed if it is material to

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the Consolidated Financial Statements. There is no accrual and no disclosure for matters which are deemed remote.

Estimated Costs to Operate the Trust

The Trust accrues for all costs it expects to incur during its lifetime based on approved strategic assumptions and the Trust's current estimates. These costs are estimated based on asset resolution strategies and modeled wind-down expenses of the Trust's operations and are recorded as liabilities.

Income Taxes

The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. As a flow-through entity, all income and expense flows through to the Beneficiaries to be reported on their respective income tax returns. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a Federal return and multiple state returns and all tax periods since the Trust's Effective Date remain open for examination.

The consolidated subsidiaries are wholly owned by the Trust, including those that may own REO. These subsidiaries are subject to U.S. federal, state or foreign income taxes.

Additionally, the Trust elected for U.S. federal and state income tax purposes to report the DCR as a Disputed Ownership Fund. The assets transferred to the DCR are considered to be passive assets; thus, the DCR will also be subject to U.S. federal and/or state income taxes.

All estimated taxes to be paid are included in estimated costs to operate the Trust. Any tax filing interest and penalties incurred by the Trust's subsidiaries will be recognized as estimated costs to operate the Trust in the period incurred.

2. Restricted Cash

Restricted cash is comprised of the following (in \$000's):

	December 31, 2016	December 31, 2015
Cash held in DCR	\$ 72,987	\$ 76,439
Distributions held for Beneficiaries	565	2,437
APSC claims and other administrative claims reserve	4,523	36,633
DOJ/AG consent settlement reserve	20,000	20,000
Trust subtotal	98,075	135,509
Cap Re restricted cash	25,995	51,802
Total restricted cash	\$ 124,070	\$ 187,311

Restricted cash related to Cap Re was reduced due to the early termination of one of its reinsurance contracts. The restricted cash was utilized by Cap Re to repay intercompany balances to the Trust in the amount of \$18.6 million.

The restricted cash reserve for administrative and other priority claims, secured claims, unsecured convenience claims and certain other unsecured claims ("APSC") was funded to satisfy obligations for APSC and other administrative claims. The Trust's liability for such obligations is not limited by the reserve balance.

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Activity related to the APSC claims restricted cash reserve is as follows (in \$000's):

	Quarter ended December 31, 2016	Year ended December 31, 2016	Effective Date through December 31, 2016
Balance, beginning of period	\$ 8,484	\$ 36,633	\$ -
Additions – cash / assets	-	-	75,928
Withdrawals – Allowed Claims	(3,961)	(32,110)	(71,405)
Balance, December 31, 2016	\$ 4,523	\$ 4,523	\$ 4,523

The DOJ/AG Consent Settlement restricted cash reserve was originally funded to satisfy obligations under the DOJ/AG Consent Settlement. The Trust's liability for such obligations is not limited by the reserve balance. The reserve must maintain a minimum balance of the lesser of \$20.0 million or the remaining liability under the DOJ/AG Consent Settlement. See Note 8 Commitments and Contingencies for further information.

Activity related to the DOJ/AG Consent Settlement restricted cash reserve is as follows (in \$000's):

	Quarter ended December 31, 2016	Year ended December 31, 2016	Effective Date through December 31, 2016
Balance, beginning of period	\$ 20,000	\$ 20,000	\$ 55,000
Additions	-	-	23,530
Releases / Payments	-	-	(58,530)
Balance, December 31, 2016	\$ 20,000	\$ 20,000	\$ 20,000

3. Mortgage Assets

Mortgage assets are comprised of the following (in \$000's):

	December 31, 2016		December 31, 2015	
	Gross Balance	Carrying Value	Gross Balance	Carrying Value
Mortgage loans	\$ 209,630	\$ 134,909	\$ 248,322	\$ 160,570
Servicing advances	59,924	18,585	65,006	27,382
Interest receivable	17,415	17,415	17,542	17,542
Real estate owned	5,696	2,360	9,207	4,862
Trading securities	1,409	1,385	787	787
Total mortgage assets	\$ 294,074	\$ 174,654	\$ 340,864	\$ 211,143

The Trust's carrying value of mortgage assets uses internal models to determine the cash flows expected to be received over the life of the loan. The Trust's recovery estimates and assumptions are based on loan level attributes including, but not limited to, delinquency status, aging, and claim versus loan status. The Trust carrying value reflects the net present value of the cash flows expected to be received over the lifetime of the mortgage assets. Because of the uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes, actual results could differ from the Trust's estimates.

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Mortgage loans are comprised of the following material sub-portfolios. (Unpaid principal balance "UPB" in \$000's):

	December 31, 2016		December 31, 2015	
	UPB	% of Total	UPB	% of Total
Pre foreclosure loans	\$ 133,302	63.6%	\$ 168,415	67.8%
FHA initial claims	54,914	26.2%	46,931	18.9%
FHA reconveyance claims	14,831	7.1%	23,796	9.6%
Other	6,583	3.1%	9,180	3.7%
Total mortgage loans	\$ 209,630	100.0%	\$ 248,322	100.0%

Pre-foreclosure loans include government insured and non-insured and non-securitized loans. Delinquency attribution of the pre-foreclosure mortgage loans is as follows (UPB in \$000's):

	December 31, 2016		December 31, 2015	
	UPB	% of Total	UPB	% of Total
0-29 days delinquent	\$ 39,512	29.6%	\$ 36,042	21.4%
30-59 days delinquent	4,071	3.1%	2,936	1.7%
60-89 days delinquent	1,981	1.5%	382	0.2%
Contractually 90+ days delinquent	12,782	9.6%	19,604	11.7%
Non-performing bankruptcy	5,451	4.1%	6,431	3.8%
Performing bankruptcy plan	4,982	3.7%	7,693	4.6%
Active in loss mitigation	5,528	4.1%	6,279	3.7%
In foreclosure	58,995	44.3%	89,048	52.9%
Total	\$ 133,302	100.0%	\$ 168,415	100.0%

FHA initial claim aged from the initial liquidation event such as foreclosure or short sale is as follows (UPB in \$000's):

	December 31, 2016		December 31, 2015	
	UPB	% of Total	UPB	% of Total
0 - 29 days	\$ 320	0.6%	\$ 1,141	2.4%
30 - 59 days	2,761	5.0%	906	1.9%
60 - 89 days	1,750	3.2%	1,353	2.9%
90 - 179 days	4,129	7.5%	618	1.3%
180 days - 1 year	6,592	12.0%	1,849	4.0%
1 - 2 years	5,632	10.3%	7,778	16.6%
2+ years	33,730	61.4%	33,286	70.9%
Total	\$ 54,914	100.0%	\$ 46,931	100.0%

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The table below represents the aging attribution for FHA reconveyance claims (aged from the date the claim was reconveyed from HUD (UPB in \$000's) :

	December 31, 2016		December 31, 2015	
	UPB	% of Total	UPB	% of Total
0 - 29 Days	\$ -	0.0%	\$ 219	0.9%
30 - 59 Days	478	3.2%	1,004	4.2%
60 - 89 Days	323	2.2%	646	2.7%
90 - 179 Days	1,487	10.0%	1,593	6.7%
180 Days - 1 Year	1,197	8.1%	4,342	18.3%
1 - 2 Years	3,678	24.8%	4,716	19.8%
2+ Years	7,668	51.7%	11,276	47.4%
Total	\$ 14,831	100.0%	\$ 23,796	100.0%

4. Other Receivables

Other receivables is comprised of the following (in \$000's):

	December 31, 2016	December 31, 2015
Affirmative Matters, net	\$ 26,336	\$ 3,500
Cap Re premium receivable	2,389	7,218
Other	3,525	6,912
Total other receivables	\$ 32,250	\$ 17,630

See Note 8 Commitments and Contingencies for further information on affirmative matters.

5. Claims and Settlements

Claims and settlements are comprised of the following (in \$000's):

	December 31, 2016	December 31, 2015
Bankruptcy related claims:		
APSC claims and other administrative claims	\$ 4,523	\$ 36,633
Subtotal – bankruptcy related claims	4,523	36,633
Settlements:		
Cap Re reserves	15,950	25,700
Other settlements	819	1,196
Subtotal – settlements	16,769	26,896
Total claims and settlements	\$ 21,292	\$ 63,529

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6. Estimated Costs to Operate the Trust

Estimated costs to operate the Trust are comprised of the following (in \$000's):

	December 31, 2016	December 31, 2015
Professional fees	\$ 197,151	\$ 99,562
Compensation	30,738	36,296
Document management	14,107	17,772
Information technology	13,388	16,963
Transition services	1,410	9,078
Other operating costs	23,438	25,780
Total costs to operate the Trust	<u>\$ 280,232</u>	<u>\$ 205,451</u>

Prior to the fourth quarter 2016, the estimated costs to operate the Trust reflected only pre-trial costs for the correspondent litigation through December 31, 2017. The increase in costs to operate the Trust reflected in the fourth quarter 2016 includes forecasted litigation costs through 2018 and costs related to assumptions for trial costs related to certain pending cases proceeding to trial in 2018. In addition, the Trust filed 9 new correspondent cases in the fourth quarter 2016 and first quarter 2017. The estimated costs to operate the Trust also increased in part to reflect the pre-trial costs for the new correspondent cases.

7. Distributions to Beneficiaries and Disputed Claims Reserve

Distributions on Allowed Claims represent Units and related cash released from the DCR for claims that became Allowed Claims between December 17, 2013 and December 15, 2015. In the quarter ended December 31, 2016 a special distribution was declared by the Board. The special distribution was made to claimants who had Units separately-held in the DCR for the sole satisfaction of their claims, as specified in the Bankruptcy Court's order establishing the DCR dated December 20, 2013. Other Claims that became Allowed Claims after December 15, 2015 will receive their Units at the next Unit distribution date. Distributions on Allowed Claims include Units and cash designated as Distributions Held for Beneficiaries pending receipt of certain information from the holders.

	Quarter and Year ended December 31, 2016			
Units	Distributed to Beneficiaries	Held by DCR	Held for Beneficiaries	Total Distribution
Balance, beginning of period	96,462,962	3,427,726	109,312	100,000,000
Declared distribution	-	-	-	-
Releases to Beneficiaries	83,979	-	(83,979)	-
Distributions on Allowed Claims	154,772	(154,772)	-	-
Balance, December 31, 2016	<u>96,701,713</u>	<u>3,272,954</u>	<u>25,333</u>	<u>100,000,000</u>

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	Quarter and Year ended December 31, 2016			
	Distributed to	Distributions	Distributions	Total
Cash (in 000's)	Beneficiaries	Held by DCR	Held for Beneficiaries	Distribution
Balance, beginning of period	\$ 2,151,124	\$ 76,439	\$ 2,437	\$ 2,230,000
Declared distribution	-	-	-	-
Releases to Beneficiaries	1,873		(1,873)	-
Distributions on Allowed Claims	3,451	(3,451)		-
Balance, December 31, 2016	\$ 2,156,448	\$ 72,988	\$ 564	\$ 2,230,000

	Effective Date through December 31, 2016			
	Distributed to	Held	Held for	Total
Units	Beneficiaries	by DCR	Beneficiaries	Distribution
Balance, beginning of period	-	-	-	-
Declared distribution	96,329,687	3,619,088	51,225	100,000,000
Releases to Beneficiaries	198,246	-	(198,246)	-
Distributions on Allowed Claims	173,780	(346,134)	172,354	-
Balance, December 31, 2016	96,701,713	3,272,954	25,333	100,000,000

	Effective Date through December 31, 2016			
	Distributed to	Distributions	Distributions	Total
Cash (in 000's)	Beneficiaries	Held by DCR	Held for Beneficiaries	Distribution
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Declared distribution	2,148,427	80,504	1,069	2,230,000
Releases to Beneficiaries	4,197	-	(4,197)	-
Distributions on Allowed Claims	3,824	(7,516)	3,692	-
Balance, December 31, 2016	\$ 2,156,448	\$ 72,988	\$ 564	\$ 2,230,000

Activity related to disputed claims is as follows (\$ in 000's):

	Quarter ended December 31, 2016		Year ended December 31, 2016		Effective Date through December 31, 2016	
	Number of Claims	Asserted Amount	Number of Claims	Asserted Amount	Number of Claims	Asserted Amount
Disputed Claims, beginning of period	35	\$ 150,444	76	\$ 203,370	-	\$ -
Amount established during the period	-	-	-	-	812	382,332
Allowed Claims	(2)	(63,504)	(15)	(109,550)	(42)	(161,283)
Disallowed Claims	-	-	(24)	(6,130)	(698)	(129,970)
Reclassified to Convenience Claims	-	-	(4)	(750)	(39)	(4,139)
Disputed Claims, December 31, 2016	33	\$ 86,940	33	\$ 86,940	33	\$ 86,940

Distributions of Units will be made to holders of Allowed Claims based on the following issuance ratios, consistent with the distributions made as of the Effective Date:

- For holders of claims against the ResCap Debtors: 0.014305344 Units per dollar of Allowed Claim;

ResCap Liquidating Trust

- For holders of claims against the GMACM Debtors: 0.011848742 Units per dollar of Allowed Claim;
- For holders of claims against the RFC Debtors: 0.003528361 Units per dollar of Allowed Claim.

The Asserted Amount in the DCR includes a reserve of approximately \$24.6 million for the unliquidated portion of claims that are in the DCR. The amount of unliquidated and partially unliquidated claims is not determinable at this time and could exceed this reserve. Due to this uncertainty, the issuance ratios may be subject to reduction based upon the total value of future Allowed Claims and the balance of the Units held in the Disputed Claims Reserve.

At the discretion of the Board, Units in the DCR corresponding to claims that have been disallowed may be cancelled and any related cash made available for distribution to all Beneficiaries or added to the Administrative Expenses Set Aside. Alternatively, such Units and cash may be retained in the DCR for satisfaction of Allowed Claims in the future.

8. Commitments and Contingencies

DOJ/AG Consent Settlement

On February 9, 2012, Ally Financial, Inc., ResCap and certain of ResCap's subsidiaries reached an agreement in principle with respect to investigations into procedures followed by mortgage servicing companies and banks in connection with mortgage origination and servicing activities and foreclosure home sales and evictions ("DOJ/AG Consent Settlement") which was subsequently filed as a consent judgment in the US District Court. On and after the Effective Date, the Trust must continue to perform the remaining obligations under the DOJ/AG Consent Settlement, other than certain obligations assumed by the purchasers of ResCap's mortgage servicing rights in the sales that occurred during the chapter 11 cases pursuant to section 363 of the United States Bankruptcy Code (the "Section 363 Sales"). Under the terms of the DOJ/AG Consent Settlement, the Trust is obligated for certain Office of Mortgage Settlement Oversight ("OMSO") costs related to the purchasers in the Section 363 Sales.

The Trust estimated and established a liability for its DOJ/Consent Settlement obligations and related costs and expenses of \$20.0 million and \$35.5 million as of December 31, 2016, and December 31, 2015, respectively.

Litigation

Claims have been asserted against the Trust. At this time, the Trust cannot estimate the possible financial effect of these claims.

Affirmative Matters

The Trust is pursuing various affirmative matters. These include:

- Indemnity and breach of contract claims (the "Correspondent Litigation") against correspondent lenders that sold loans to Residential Funding Company LLC ("RFC") (a subsidiary of ResCap) have been brought in various court jurisdictions, seeking recovery of liabilities and losses that RFC incurred by virtue of its purchase from the defendants of residential mortgage loans that breached the defendants' representations and warranties through litigation and non-litigation processes.

During the quarter ended December 31, 2016, the Trust settled seven pending indemnity and breach of contract actions totaling \$168.2 million. The agreements provide for the full and final

ResCap Liquidating Trust

resolution of any pending or future litigation against the correspondent and a mutual release of all claims relating to residential mortgage loans that the correspondents sold to RFC.

- Other affirmative matters. The Trust is party to certain other affirmative matters, including an action against certain insurers for failure to cover certain settlement costs.

During the quarter, the Trust settled other affirmative matters totaling \$5.2 million.

- Reservation of rights. The Trust has reserved its rights with respect to other affirmative claims it may bring in the future.

At this time, the Trust cannot predict the outcome of these matters or estimate the possible financial effect of these matters on the Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

Since the Effective Date, through December 31, 2016 and excluding subsequent events, the Trust settled a total of \$425.8 million in affirmative matters including \$398.0 million in Correspondent Litigation, \$9.7 million in International, and \$18.1 million in other matters. Of the total, \$399.6 million has been collected, and \$26.2 million has not yet been received and is recorded in Other Receivables.

Other

The Trust fully cooperated with the U.S. Attorney's Office for the Central District of California in connection with investigative subpoenas served on Residential Capital, LLC on March 18, 2013, February 13, 2014 and March 2, 2015, pursuant to 12 U.S.C. 1833a (Financial Institutions Reform, Recovery, and Enforcement Act of 1989, or FIRREA). The U.S. Attorney's Office has recently confirmed in writing that it's investigation has been closed, that no further documents or information will be sought from the Trust, and that the Trust has no further obligations in connection with the investigation.

9. Subsequent Events

Events subsequent to December 31, 2016 were evaluated through March 1, 2017, the date on which these Consolidated Financial Statements were issued.

Subsequent to December 31, 2016, 7 cases were filed with correspondent lenders. In addition, the Trust settled with 5 additional parties in pre-litigation correspondent lender indemnity and breach of contract claims for a total of \$0.7 million.

Subsequent to December 31, 2016, the Trust resolved the claim with the United States Department of Housing and Urban Development ("HUD") and one additional claim within the DCR. The remaining ASPC claim was resolved.



March 1, 2017

LIQUIDATING TRUST

Dear Beneficiaries:

We continue to focus on maximizing returns to Beneficiaries through continued prosecution of our correspondent litigation and managing the timely and efficient wind down of the remaining Trust assets and activities.

Recent Highlights of the Trust's Activities

In the fourth quarter 2016, the Trust settled seven correspondent litigation cases and generated settlements of \$168.2 million. The settling defendants included American Mortgage Network Inc., First Mariner Bank, Plaza Home Mortgage, Inc., Primary Capital Advisors LC, Southtrust Mortgage dba Equibanc, Wells Fargo Bank NA and Wells Fargo Financial Retail. The Trust has reached settlements totaling approximately \$353.7 million for the year 2016 and \$398.0 million since the inception of the Trust.

The Trust filed an additional nine cases against correspondent lenders in the Federal District Court in Minnesota in December 2016/January 2017. In the December 2016 Financial Statements, the Trust has increased its estimated cost to operate the Trust to reflect expected liabilities associated with pursuing these new cases. In addition, the Trust increased its expected costs to operate the Trust to accrue expected liabilities for trial costs associated with certain of the pending correspondent cases proceeding to trial in 2018.

As of December 31, 2016, Net Assets for the Trust were \$315.5 million, an increase for the year 2016 of \$186.3 million.

Correspondent Lender Litigation

As of the date of this letter, the Trust is litigating 37 cases against correspondent lenders of Residential Funding Company LLC, for indemnity and breach of contract, which are pending in Federal District Court in Minnesota, Minnesota State Court and Federal Bankruptcy Court for the Southern District of New York.

Since inception of the correspondent litigation, the Trust produced over 3.2 million documents or, 48.7 million pages, and as of the first quarter 2017, the Trust is nearing completion of fact discovery in the cases filed prior to 2016. The Trust continues to be engaged in pre-trial discovery activities, primarily expert work in preparation for the expert discovery phase of the certain of the cases filed prior to 2016 which will occur beginning in the second quarter 2017. The expert phase of the cases filed prior to 2016 is expected to conclude at the end of 2017. The

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Financial Statements reflect additional liability for pursuit of certain of the cases through trial which is expected to occur in 2018.

Assets

With the servicing transfer of the Mortgage Portfolio to LoanCare, LLC complete, the Trust has worked with LoanCare to aggressively pursue claim recoveries on our insured loan portfolio and develop strategic alternatives to optimize the disposition of our loan population. As of the end of 2016, our remaining gross balances on mortgage assets totaled \$294.1 million with a carrying value of \$174.7 million

Other Recoveries

The Trust successfully negotiated settlements with 15 Correspondent Lenders for \$5.2 million on a pre-litigation basis related to indemnity and breach of contract claims.

Claims

We continue to make progress resolving complex claims that have been reserved for in the Disputed Claims Reserve, reducing the number of active claims by two in the fourth quarter, from 35 to 33. The remaining Administrative Priority, Secured, and Convenience ("APSC") claim that remained open at the end of the fourth quarter was resolved after the end of the year and completed all the APSC claims.

A special unit distribution from the Disputed Claims Reserve was completed in the fourth quarter. The special distribution was made to claimants who had Units separately held in the Disputed Claims Reserve for the sole satisfaction of their claims, as specified in the December 20, 2013 order of the Bankruptcy Court. We are in the process of reconciling the remaining claims and have been in contact with all of the claimants to work toward a final resolution.

Subsequent to December 2016, the Trust entered into a final stipulation with United States Department of Housing and Urban Development ("HUD") which allowed the HUD claim as a general unsecured claim.

Regulatory

The Trust, as successor to the Debtors in the Bankruptcy case, is party to a settlement with the Department of Justice ("DOJ") and completed its requirements review of mortgage loans for potential violations under the Servicemembers Civil Relief Act ("SCRA") in October 2016. The

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remaining obligation for the Trust with regard to SCRA is to work with and monitor Rust Consulting to ensure remediation activities are conducted as required.

The Office of Mortgage Settlement Oversight (“OMSO”) concluded their true-up of final expenses for the National Mortgage Settlement and returned \$3.2 million back to the Trust in December 2016 which concluded all activities with OMSSO as required in DOJ settlement.

Administrative Expenses Set Aside

The Administrative Expenses Set Aside holds cash and other assets for the payment of Trust operating expenses. As of December 31, 2016, the Administrative Expenses Set Aside of \$279.3 million consisted of \$50.6 million in cash and \$228.7 million in pledged proceeds from future asset sales and/or recoveries.

Activity related to the Administrative Expenses Set Aside is as follows (in \$000’s):

	Quarter ended December 31, 2016	Year ended December 31, 2016	Effective Date through December 31, 2016
Balance, Beginning of period	\$ 190,508	\$ 219,399	\$ -
• Additions - cash	90	230	286,534
• Additions - pledged proceeds from future asset sales and/or recoveries	88,688	59,657	228,639
• Withdrawals - cash	-	-	(235,887)
Balance, December 31, 2016	\$ 279,286	\$ 279,286	\$ 279,286

The Board determined that we would not make a distribution to our Beneficiaries during the fourth quarter 2016. The Board will continue to assess feasibility of a distribution considering various positions of the Trust and the status of the correspondent litigation.

The Trust’s fourth quarter 2016 financial report has been posted on our website at <http://www.rescapliquidatingtrust.com/#financial-statements>.



LIQUIDATING TRUST

The Board and management of the Trust continue to work diligently towards the goal of maximizing value for Beneficiaries in the most efficient manner possible. We look forward to reporting on the results of our efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Ray', written over a printed name and title.

John Ray
Liquidating Trust Manager